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SUBJECT: SWedes Sour About U.S. Trade Sanctions on Lingonberries

REF: A) STATE 04882, B) STATE 04100

¶1. In a January 19 reference to the recently announced U.S. trade sanctions on a large number of European products, Swedish Minister for Trade Ewa Bjorling issued a press statement that Sweden was "disappointed that the U.S. has chosen to escalate the hormone-treated meat conflict, not least in a situation where new duties and more protectionism are the last thing that the world economy needs." She stated that a preliminary study has determined that increased duties could impact the Swedish business sector, and that "Lingonberry jam and frozen pork, with a total export value of some USD 7 million, will be subject to duties of one hundred percent."

¶2. Bjorling noted in the press statement that Sweden has been proactive in the EU in trying to find an effective compromise solution, and will continue to do so. She cautioned, however, that Sweden and the EU Commission continue to believe that the new U.S. trade sanctions are in breach of World Trade Organization regulations and that it may be necessary to investigate this recent U.S. move. Bjorling added that countries should direct their combined efforts toward achieving more free trade and greater openness.

¶3. In a January 20 conversation with Embassy officials, Director General for Trade at MFA, Anders Ahnlid, expressed his disappointment with the U.S. move. He said a potential compromise could involve EU compensation to the U.S. for the effects of the ban. More generally, he said we should both combat the protectionist tendencies that have followed in the wake of the world-wide financial crisis, and focus our efforts to achieve a new agreement on world trade.

SILVERMAN